United Nations ST/SGB/2006/10

Secretariat

10 October 2006

Secretary-General's bulletin

Establishment and operation of the Central Emergency Response Fund

The Secretary-General, pursuant to section 3.2 of Secretary-General's bulletin ST/SGB/1997/1, for purposes of establishing a regime for the administration and management of the loan and grant components of the Central Emergency Response Fund, established in accordance with General Assembly resolutions 46/182 of 19 December 1991 and 60/124 of 15 December 2005, promulgates the following:

Section 1
Introduction and general provisions

Background

1.1 The Central Emergency Revolving Fund was established by the Secretary-General under his authority in accordance with General Assembly resolution 46/182. The Fund is used to make loans to Eligible Organizations, as defined in section 2.1 below, to ensure the rapid and coordinated response of those organizations to requests for emergency assistance. The loans are reimbursed to the loan element of the Fund as a first charge against the voluntary contributions received in respect of the programme or project to which the loan relates.

1.2 Pursuant to the report of the Secretary-General on the improvement of the Central Emergency Revolving Fund (A/60/432), the General Assembly, in its resolution 60/124, decided to add a grant element to make resources immediately available to support rapid response to humanitarian crises and address critical humanitarian needs in underfunded emergencies. The loan and grant elements are implemented by the establishment of a general trust fund called the Central Emergency Response Fund.[1]

1.3 Together the loan and grant elements shall have an overall target of $500 million funded from voluntary contributions. The Fund's loan element shall continue to have a target level of $50 million; the Fund's grant element shall have an overall target of $450 million to provide grants to Eligible Organizations, as defined in section 2.1.

[1] The loan and grant elements of the Fund are administered separately. The new title adopted by the General Assembly, namely the Central Emergency Response Fund, refers to both elements.

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Administration and management of the Central Emergency Response Fund

1.4 The administration of the loan and grant elements of the Fund shall be governed by the Financial Regulations and Rules of the United Nations.

1.5 The programme manager of the Fund shall be the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator. The Coordinator shall ensure that advances from the loan and grant elements are made in accordance with the present bulletin.

1.6 The Coordinator shall be supported by a small secretariat as well as by other branches of the Office for the Coordination of Humanitarian Affairs. The Coordinator shall regularly consult with the Inter-Agency Standing Committee established pursuant to General Assembly resolution 46/182 and the resident humanitarian coordinators, as appropriate, on matters relating to the utilization of the funds in order to obtain guidance and support when determining priorities for their use.

Section 2
Eligibility

2.1 The United Nations, its funds, programmes and specialized agencies, as well as the International Organization for Migration, shall be eligible to apply for funds. The Office for the Coordination of Humanitarian Affairs shall not be eligible for grants from the grant element of the Fund; however, the Office shall be eligible to obtain advances from the loan element.

2.2 An Eligible Organization that has been approved for a loan or grant from the Fund will hereinafter be referred to as an Operational Organization.

Section 3
Loan element of the Central Emergency Response Fund

Objectives

3.1 In accordance with General Assembly resolution 46/182, the $50 million loan element of the Fund shall continue to act as a cash flow mechanism to ensure rapid and coordinated response to humanitarian emergencies. The loan element is aimed at strengthening humanitarian coordination efforts by ensuring that adequate preparedness measures are put in place to address humanitarian needs. The utilization of the Fund shall also be guided by General Assembly resolutions 48/57 of 14 December 1993 and 56/107 of 14 December 2001.

3.2 Advances from the loan element shall continue to be encouraged and, where possible, prioritized. Before providing Eligible Organizations with grants, the Coordinator shall first explore whether an advance from the loan element is a feasible option.

3.3 The Coordinator shall be responsible for determining the amount to be advanced in each situation and may, at the Coordinator's discretion, make advances up to the total amount of cash available in the loan element of the Fund.

Conditions for the provision of loans from the Central Emergency Response Fund

3.4 The Coordinator shall approve advances from the loan element of the Fund guided by the following terms:

(a) A formal exchange of letters shall be concluded between the Coordinator and each Operational Organization. The exchange of letters shall:

(i) Define the purpose and objectives of the programme or project for which the advance is to be made and the means by which they are to be achieved;

(ii) Specify the conditions which are to govern the financing and implementation of the programme or project;

(iii) Specify the amount of money to be made available from the Fund, the currency in which it will be paid and the purposes for which it is to be used;

(iv) Specify that the advance shall be repaid as a first charge on contributions received by the Operational Organization in respect of the programme or project, in order to replenish the loan element of the Fund;

(v) Indicate a target date by which the advance is expected to be repaid;

(vi) Provide that, should sufficient contributions not be received by the Operational Organization within a period of one year, the provisions outlined in section 3.9 would apply;

(vii) Specify the financial reporting required to be made by the Operational Organization in respect of the programme or project assisted by the advance;

(b) The exchange of letters shall be transmitted by the Coordinator to the Controller to request the disbursement of funds to the Operational Organization.

3.5 In exceptional circumstances involving particularly urgent emergencies, the Coordinator may authorize extraordinary advances from the loan element of the Fund prior to the determination of the conditions outlined in section 3.4 above. Any extraordinary advance must be followed within 30 days by the completion of a formal exchange of letters; otherwise, the advance shall become immediately due and repayable by the Operational Organization.

Reimbursements to the loan element of the Central Emergency Response Fund

3.6 Reimbursements to the loan element of the Fund by the Operational Organization shall be a first charge on contributions received by that Operational Organization in respect of the programme or project to which the advance from the loan element of the Fund relates.

3.7 If, in the view of the Coordinator, the response to the emergency situation would be adversely affected by the application of the reimbursement provision contained in section 3.6 above, the advance may be extended under the same terms and conditions, provided that the Coordinator is satisfied that firm pledges have been made in respect of the programme or project in an amount sufficient to cover the amount advanced.

3.8 If, notwithstanding the completion of a formal exchange of letters, the Operational Organization has not been successful in obtaining pledges sufficient to

cover the amount advanced, reimbursements to the loan element of the Fund shall, subject to section 3.9 below, be delayed until such time as contributions in the necessary amount have been received.

3.9 If an Operational Organization has failed to reimburse the loan element of the Fund within one year of the date of the advance, the Coordinator shall initiate measures to restore the balance of the loan. To that end, the Coordinator may:

(a) Appeal to donors to make specific contributions to the loan element to cover the amounts advanced;

(b) Require the Operational Organization to repay the balance of the advance from its own resources;

(c) Request authority from the Controller for the utilization of such balances, including accumulated interest, of the loan element of the Fund as may exceed the target level of $50 million.

3.10 The Coordinator shall make every effort to obtain full reimbursement to the loan element of the Fund in respect of any outstanding advance within two years of the date of the advance. The authority for any write-offs is retained by the Controller, in accordance with the Financial Regulations and Rules of the United Nations.

Section 4
Grant element of the Central Emergency Response Fund

Objectives

4.1 The grant element of the Fund shall be used to provide grants to Eligible Organizations so as to ensure a more predictable and timely response to humanitarian emergencies, based on demonstrable needs and on priorities identified in consultation with the affected State, as appropriate.[2] Specifically, the objectives of the grant element shall be:

(a) Promoting early action and response to reduce loss of life;

(b) Enhancing response to time-critical requirements;

(c) Strengthening core elements of humanitarian response in underfunded crises.

Disbursement

4.2 To effectively address its objectives, the grant element shall be used primarily to provide immediate finance to ensure rapid response to core emergency humanitarian needs due to sudden onset emergencies, which include natural disasters; and urgent requirements due to rapid deterioration within an existing crisis; and to provide support to chronically underfunded emergencies.

4.3 In that regard, two thirds of the grant element of the Fund shall be utilized to address core emergency humanitarian needs in sudden onset disasters (or rapid deterioration within existing crises), while up to one third shall be utilized to

[2] For purposes of the present bulletin, grants provided from the grant element of the Fund shall be recorded as advances to Operational Organizations.

provide grants to address core emergency humanitarian needs in chronically underfunded emergencies as stipulated in sections 4.8 to 4.10 below. Where appropriate, an Eligible Organization could apply for and receive a grant as well as a loan, in combination, in order to address such humanitarian needs for a specific programme or project.

4.4 Funds disbursed to Operational Organizations from the grant element to support rapid response and to address core emergency humanitarian needs in underfunded emergencies shall be provided based on demonstrable needs as identified in United Nations appeals and/or by the humanitarian country team. Resident/humanitarian coordinators, in consultation with humanitarian country teams, shall identify priority lifesaving needs in order to facilitate the Coordinator's selection of country programmes eligible for funding under the grant element.

4.5 Requests for Fund grants shall primarily be field-driven and address what in the context of that crisis constitute core emergency humanitarian needs. In that regard, and following consultations with the humanitarian country team, the resident/humanitarian coordinator shall communicate a priority list of lifesaving needs to the Coordinator. An Eligible Organization may apply to the Coordinator for a grant based on the priority list provided. In exceptional circumstances, the Coordinator may consider a request from an Eligible Organization without the endorsement of the resident/humanitarian coordinator or in the absence of a priority list.

4.6 The Coordinator, supported by resident/humanitarian coordinators, shall ensure that grants provided to Operational Organizations will not be intended to constitute a substitute for the existing humanitarian appeal mechanisms, which shall remain the primary humanitarian funding tool for emergencies. On the basis of the information provided by each Operational Organization under section 5.1 below, the Coordinator shall ensure that no duplicate funding occurs for any programme or project.

Disbursements for rapid response

4.7 The funds disbursed for rapid response purposes shall provide an initial injection of funds for a particular emergency. Grants for rapid response shall therefore fund activities whose implementation shall take place within three months following the disbursement of funds from the Fund. Subject to availability, a maximum of $30 million shall normally be applied to any one disaster or emergency.

Disbursements for underfunded emergencies

4.8 Grants for underfunded emergencies shall be provided in order to promote an equitable response to humanitarian crises across the globe and shall be based on demonstrable core emergency humanitarian needs. To determine the appropriate use of grants for underfunded emergencies, the Coordinator shall consult with the Inter-Agency Standing Committee, Eligible Organizations, the resident/humanitarian coordinators, humanitarian country teams and the affected State, as appropriate. Based on the assessments and consultations carried out, the Coordinator shall identify priority areas for support from the grant element.

4.9 In selecting eligible crises, the Coordinator shall consider trends of underfunding for core humanitarian programmes, including flows of humanitarian funding provided through bilateral channels as well as humanitarian aid flows not listed in United Nations appeals. The Coordinator shall initiate appropriate action to select underfunded emergencies eligible for grants.

4.10 Disbursements for underfunded emergencies shall be made by the Coordinator twice a year. Funds shall be programmed for disbursements in January, following the launch of the annual consolidated appeal, and in July following the midterm review of those appeals. This will enable the Coordinator to review the status of consolidated appeals, as well as of humanitarian emergencies that may not be subject to consolidated appeals, to determine their level of funding and to identify priority core emergency humanitarian needs based on field-level inputs received from the United Nations and its partners.

Conditions for the provision of grants from the Central Emergency Response Fund

4.11 The Coordinator shall approve grants from the grant element of the Fund guided by the following terms and conditions:

(a) A formal exchange of letters shall be concluded between the Coordinator and each Operational Organization. The exchange of letters shall:

(i) Define the purpose and objectives of the programme or project for which the grant disbursement shall be made and the means by which they are to be achieved;

(ii) Confirm that the Operational Organization's emergency reserve funds, where available, are inadequate to meet the humanitarian needs;

(iii) Specify the conditions which are to govern the financing and implementation of the programme or project, inter alia, duration of grant, related programme support costs, the financial reporting required to be made by the Operational Organization in respect of the programme or project assisted by the grant, return of unspent funds, including interest earned on undisbursed balance, where applicable, and a commitment by the requesting agency to reporting and auditing the expenditures made against the grant provided;

(iv) Specify the amount of funds to be made available from the Fund and the currency in which they will be paid;

(b) The exchange of letters shall be transmitted by the Coordinator to the Controller to request the disbursement of funds to the Operational Organization.[3]

4.12 The Operational Organization shall provide information and periodic reports in accordance with section 5.1 below. In accordance with the information provided by each Operational Organization, the Coordinator shall ensure that no duplicate funding takes place for any programme or project.

[3] The advances thus disbursed shall be cleared and the relevant amount reflected as "other" expenditure in the United Nations General Trust Fund financial statement once the expenditure reports from the Operational Organization have been accepted by the Coordinator.

4.13 In exceptional circumstances, the Coordinator may authorize extraordinary grants prior to the determination of the conditions outlined in section 4.11 above. Any extraordinary grant must be followed within 30 days by the completion of a formal exchange of letters. If such an exchange of letters is not concluded within that period, the Coordinator shall ensure that the grant be repaid to the Fund not later than 30 days following a corresponding request from the Coordinator to the Operational Organization.

Resources for the grant element of the Central Emergency Response Fund

4.14 For the purpose of replenishing the grant element, the Secretary-General may convene periodic pledging conferences, as necessary. Member States, the private sector, individuals and other entities, as deemed appropriate, shall be invited to participate and contribute. The Advisory Group established pursuant to section 6 below shall provide recommendations on the replenishment level taking into account the utilization of the grant element. In making recommendations, the Advisory Group shall also consider existing humanitarian priorities and forecasted needs.

Section 5
Accountability, oversight and reporting

5.1 Operational Organizations that have received a loan or a grant shall comply with their own financial regulations and rules, including their own internal and external auditing procedures. Such Operational Organizations shall transmit to the Coordinator an annual report providing information on and analysis of the activities undertaken and the outcomes achieved against the objectives set. The report shall also include financial information on expenditures. In the event that the Operational Organization has received a grant and the report indicates that the grant has not been fully utilized and will not be fully utilized, the Coordinator shall ensure that the unutilized amount shall be returned to the grant element of the Fund immediately following the completion of the programme or project. In addition, recipients of grants shall provide periodic situation reports, which shall be posted on the Fund website. Interim certified financial reports as at 31 December, certified by the chief financial officer of the grant recipient as accurate and complete to the best of his or her knowledge, shall be submitted to the Controller not later than 15 February of each year. The final certified reports as at 31 December shall be submitted to the Controller by 30 June of each year.

5.2 The Coordinator shall establish a dedicated website to track the finances and expenditures of the Fund. The website shall provide information on the utilization of the Fund, distribute public information and include progress and evaluation reports. The Coordinator shall ensure appropriate linkages with the Financial Tracking System of the Office for the Coordination of Humanitarian Affairs.

5.3 In accordance with General Assembly resolutions 46/182 and 60/124, the Secretary-General shall provide an annual analytical report to the Assembly to enable it to provide overall policy guidance and make recommendations to strengthen the functioning of the Fund.

5.4 At the end of the second year of the operation of the Fund, the Coordinator, in consultation with the Inter-Agency Standing Committee, shall commission an

independent, retrospective and substantive evaluation of the functioning and utilization of the Fund.

Section 6
Advisory Group

The Secretary-General shall appoint an Advisory Group comprising 12 experts who broadly represent the humanitarian community. The Advisory Group shall provide the Coordinator with broad policy advice on the implementation of the Fund as a whole, including on the speed and appropriateness of its allocations. The Advisory Group shall examine Fund performance and reports in order to ensure accountability and transparency.

Section 7
Final provisions

7.1 The present bulletin shall enter into force on 1 October 2006.

7.2 Secretary-General's bulletin ST/SGB/251 is hereby abolished.

(*Signed*) Kofi A. **Annan**
Secretary-General

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